

VZCZCXYZ0000  
RR RUEHWEB

DE RUEHBJ #3489/01 1430907  
ZNY SSSSS ZZH  
R 230907Z MAY 07 ZFF4  
FM AMEMBASSY BEIJING  
TO RUCPDOG/USDOC WASHDC  
INFO RUEHGZ/AMCONSUL GUANGZHOU 2955  
RHMFISS/DEPT OF HOMELAND SECURITY WASHINGTON DC  
RHEHNSC/NSC WASHDC  
RUEHC/SECSTATE WASHDC 8236

S E C R E T BEIJING 003489

SIPDIS

SIPDIS

USDOC FOR 532/BIS/OEE/JSONDERMAN/TANDRUKONIS/LLAUCIUS  
USDOC FOR 532/BIS/OEA/BKRITZER/BBAKER  
USDOC FOR OIO/ADESSARAN/WZARIT  
SECSTATE FOR EAP/CM  
SECSTATE FOR EB/ESP  
GUANGZHOU FOR FCS/MMURPHY  
NSC/PROSTRAT  
US DEPT OF HOMELAND SECURITY FOR IMMIGRATION AND CUSTOMS  
ENFORCEMENT/STRATEGIC

E.O. 12958: DNG: CO 05/23/2017  
TAGS: [BEXP](#) [CH](#) [ETRD](#) [ETTC](#) [PREL](#)  
SUBJECT: PRE-LICENSE CHECK D372865 - WAVELAB TELECOM  
EQUIPMENT CO. LTD

REF: USDOC 2722 (03/23/07)

Classified By: Jeannette L. Chu, Export Control Attache, for reasons E.  
[EO](#) 12598 1.5 (b)(d)(h)

(U) Unauthorised disclosure of the information provided below  
is prohibited by Section 12(c) of the Export Administration  
Act.

[1](#)1. (U) REFTEL requested a Pre-License Check end-use visit to  
determine the reliability and suitability of WAVELAB TELECOM  
EQUIPMENT CO LTD to receive controlled United States goods  
and technology. BIS License Application D372865 was submitted  
by WAVELAB INC., 12007 Sunrise Valley Drive, Suite 3, Reston,  
Virginia 20191 (703/860-3522). The commodities sought are  
4500 13-17 GHZ KU band 2W HPA (4 stage) gallium arsenide  
microcircuits, manufactured by TRIQUINT SEMICONDUCTOR, to be  
used as power amplifiers in the production of indoor/outdoor  
units (IDU/ODU) for point-to-point digital microwave  
telecommunications systems. These commodities are classified  
as ECCN 3A001, valued at \$10,350, and controlled for national  
security reasons.

[1](#)2. (U) On or about March 26, 2007, ECO requested that the  
Department of Mechanical-Electronic and High Technology  
Industries of the Ministry of Commerce (MOFCOM) arrange a  
Pre-License Check to WAVELAB TELECOM EQUIPMENT CO LTD in  
accordance with the Exchange of Letters on End-Use Visit  
Understanding. On May 14, 2007, MOFCOM scheduled this visit  
for May 17, 2007.

[1](#)3. (U) On May 17, 2007, ECO, accompanied by MOFCOM official  
WEI Jie and several officials from the Guangzhou Foreign  
Trade Bureau, conducted a site visit at WAVELAB TELECOM  
EQUIPMENT CO LTD, No. 6 Jinbi Road, Guangzhou Economic and  
Technological Development District, Guangzhou, Guangdong  
Province, China, and met with BING Qiu, General Manager, and  
Hedy HE, Assistant to the General Manager. During this PLC,  
Mr. BING disclosed that he is a U.S. citizen.

[1](#)4. (U) Mr. BING stated that WAVELAB TELECOM EQUIPMENT (GZ) CO  
LTD ("WAVELAB GZ") is a manufacturing subsidiary of WAVELAB  
HOLDING LTD, which is a U.S. company headquartered in Reston,  
Virginia. WAVELAB HOLDINGS was established in 2002 and

WAVELAB GZ was established in 2004 with 69 employees from China, Canada and the United States. (COMMENT: COMBA TELECOMMUNICATIONS acquired majority ownership of WAVELAB HOLDINGS in 2003 and WAVELAB GZ is co-located with COMBA TELECOMMUNICATIONS.)

15. (U) Mr. BING provided ECO with a hard-copy of a Powerpoint presentation describing WAVELAB's activities as follows: WAVELAB produces die and wire bonders, plasma cleaners, production test equipment, SMT machines, and outdoor units (ODUs) for microwave digital point-to-point telecommunications systems in commercial applications. The ODU designs are based on FCC and ETSI regulations. Model GSA2503 operates in ITU frequencies ITU-RF.636 for 16 GHz and ITU-RF.497 for 13GHz. Other ITU frequencies are ITU-RF.383-387, 595 and 637. Mr. DING also provided ECO with hard-copies of WAVELAB's ODU lock diagram and chart showing maximum percentage bandwidth for each product. Commercial applications for the ODUs include GSM/PCS cellular network backhaul and virtual private networks. Current customers include CHINA MOBILE-GUANGDONG, CHINA UNICOM-HAINAN, CHINA TELECOM-GUANGDONG and SPICE COMMUNICATIONS PVT LTD in New Delhi, India. WAVELAB has also sold products for telecommunications use in Tianjin and Hunan. Mr. BING denied any military end-uses or end-users for WAVELAB's products.

16. (U) ECO toured the clean room production facility at WAVELAB GZ and observed 30GHz and 60GHz microcircuit boards being assembled, wire bonding and die bonding, and integration of IC chips onto circuit boards. ECO observed work order forms attached to each product and noted that the work order form is used to document each stage of production with the name of the responsible employee and date that work is performed. ECO toured the supply room, which is part of the production facility but monitored by one person with key

access. Electronic components were stored on marked shelves in a climate-controlled cabinet. (COMMENT: On March 23, 2007, Hedy HE e-mailed ECO to advised that WAVELAB GZ has purchased a separate climate-controlled cabinet for use as designated storage for U.S. export-controlled items and included a digital photograph of this cabinet.)

17. (U) Mr. BING advised ECO that in April 2007 WAVELAB HOLDINGS' CEO, WALTER ZHANG (ZHANG Guobao), met with BIS Licensing Officer Brian Baker and provided information in support of this license application. Mr. BING also provided ECO with a copy of a letter responding to additional questions from LO Baker regarding end-use justification, customer list, and quantities of ODU/IDU to be supplied to each customer. (COMMENT: ECO was not advised of contact between the license applicant and LO Baker despite e-mail exchanges with OEA prior to this PLC.)

18. (U) ECO reviewed with Mr. BING possible license conditions that may be imposed as well as potential requirements to obtain re-export licenses for controlled commodities shipped to other locations (e.g., SPICE COMMUNICATIONS in India). ECO also directed Mr. BING to the BIS website, noting in particular upcoming seminars on U.S. export controls. Mr. BING assured ECO of WAVELAB's commitment to full compliance with any export license conditions, promised to institute enhanced inventory control measures and guard against any military end-use.

19. (S/NF) ADDITIONAL INFORMATION: Subsequent to this PLC, ECO was contacted by DTSA via SIPRENET. DTSA raised specific concerns regarding purchase orders and inventory control measures. On May 21, 2007, ECO contacted Mr. DING telephonically and confirmed that WAVELAB GZ does not currently have any purchase orders for ODU/IDUs. Mr. DING stated that WAVELAB's export license application was based upon projections of future sales, noting that they would be required to ship finished product within a matter of weeks of receiving an order; thus, it would be necessary for WAVELB GZ to have the microcircuits on hand in order to meet production commitments. Mr. DING further stated that if the ODU/IDUs were not purchased immediately, they would remain in the

inventory of WAVELAB GZ in segregated storage, clearly identified as having U.S. export controlled components. (COMMENT: ECO notes that REFTEL and PLC guidance specifically state that firm orders are not/NOT required in order to process an export license application.) Mr. DING stated that in 2005 WAVELAB sold approximately 1000 pieces contained U.S. export-controlled microcircuits to CHINA MOBILE, noting that TRIQUINT SEMICONDUCTOR did not inform WAVELAB of the need to obtain a U.S. export license from IBS. WAVELAB has sold approximately 1000 SDH and PDH ODUs to CHINA MOBILE, CHINA UNICOM and CHINA TELECOM, all in the 13 to 15 GHz range. In 2006 WAVELAB sold approximately 1000 ODUs to SPICE TELECOM. (COMMENT: OEA did not advise ECO of DTSA interest in this license application despite e-mail exchanges prior to this PLC.)

¶10. (U) ADDITIONAL INFORMATION REGARDING COMBA TELECOMMUNICATIONS: ECO conducted Internet searches and found that COMBA TELECOMMUNICATIONS has established a research and development partnership with Tsinghua University. This R&D partnership is based at a Key Laboratory in Guangzhou and focuses on developing microwave communications products. OEA has advised ECO that there are no deemed export or technology transfer concerns relating to this R&D program.

COMBA TELECOMMUNICATIONS is listed on the Hong Kong Stock Exchange. Mr. ZHANG Guobao a/k/a Walter ZHANG, CEO of WAVELAB HOLDINGS, is also on the Board of Directors for COMBA TELECOMMUNICATIONS.

¶11. (U) RECOMMENDATION - FAVOURABLE. ECO found Mr. DING to be forthcoming and cooperative throughout the PLC process, and eager to comply with any possible export license conditions. Per May 14, 2007 e-mail from LLAUCIUS, ECO notes interest by OEE/WAFO. Accordingly, ECO seeks OEE assistance in transferring a copy of this cable to S/A Chris TAFE at WAFO.

PICUTTA  
PICCUTA